

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 138560

21

ORIGIN ARA-04

INFO OCT-01 ISO-00 /005 R

66610

DRAFTED BY: ARA/LA:PJDE VOS:MJT

APPROVED BY: ARA/LA:PJDE VOS

----- 063829

R 271355Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

LIMITED OFFICIAL USE STATE 138560

FOR DEPUTY ASSISTANT SECRETARY WILLIAM G BOWDLER

FOLLOWING REPEAT GUATEMALA 3447 ACTION SECSTATE 26 JUN

QUOTE

LIMITED OFFICIAL USE GUATEMALA 3447

E.O. 11652: N/A

TAGS: EGEN, GT

SUBJECT: OIL DEVELOPMENTS

1. PRESIDENT ARANA WENT ON NATIONAL TELEVISION MONDAY EVENING JUNE 24 TO ANNOUNCE DISCOVERY OF PETROLEUM BY SHENANDOAH OIL CO. ON WEISSENBERG PETROLEUM CONCESSION NEAR MEXICAN BORDER. PRESIDENT, AIDED BY THE DIRECTOR OF THE BUREAU OF MINES AND HYDRO-CARBONS JORGE GODOY, STATED THAT GUATEMALA NOW HAS CAPACITY TO PRODUCE 4000 BARRELS/DAY BY COMBINING OUTPUT OF AN OLD WELL AT LAS TORTUGAS AND NEW WELL, RUBEL SANTOS I ABOUT 20 KNS EAST OF LAS TORTUGAS. PRESIDENT, WHILE ADMITTING NEED FOR FURTHER EXPLORATION AND LARGE ADDITIONAL INVESTMENTS, STATED THAT GUATEMALA NOW ASSURED A SUPPLY OF PETROLEUM IN THE NEAR FUTURE (A CORTO PLAZO). GODOY HINTED THAT GUATEMALA COULD POSSIBLY BE A NET EXPORTER OF PETROLEUM IN A SHORT TIME.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 138560

2. MORNING PRIOR TO PRESIDENTIAL ADDRESS AMBASSADOR BRIEFED

BY SHENANDOAH OFFICIALS KENNETH HALL AND ROBERT LEE ALONG WITH COMPANY'S GUATEMALAN ATTORNEY ANTONIO CARRERA. WHILE DISCOVERY WAS ENCOURAGING, SHENANDOAH OFFICIALS EXPRESSED VERY GUARDED OPTIMISM AS TO ITS LONG RUN SIGNIFICANCE. DRILL STEM TESTS AT RUBEL SANTOS 1 TO A DEPTH OF 5200 FEET INDICATED SOME HIGH GRAVITY RESERVES BUT PRODUCTIVE INTERVALS ARE VERY THIN AND OIL IS OF HIGH SULPHUR CONTENT. AT LEAST THREE ADDITIONAL WELLS MUST BE DRILLED TO GREATER DEPTHS TO ASCERTAIN MAGNITUDE OF RESERVOIR

HALL ESTIMATES THAT AT LEAST NINE MONTHS NEEDED TO DRILL OTHER WELLS WITH LUCK IN FINDING A NEW RIG. NO DECISION AS TO COMMERCIAL VIABILITY OF RESERVES CAN BE MADE UNTIL OTHER WELLS ARE COMPLETED. IN REGARD TO ACTUAL PRODUCTIVE POTENTIAL SHENANDOAH OFFICIALS ESPOUSED VERY CONSERVATIVE VIEW. OIL LOCATED IN RELATIVELY INACCESSIBLE REGION AND LONG PIPELINE WILL BE NECESSARY TO EXPLOIT IT IF PROVEN TO BE COMMERCIALY FEASIBLE RESERVOIR. SECOND, NO REFINERY FACILITIES EXIST IN GUATEMALA FOR REFINING CRUDE OIL. THEREFORE GUATEMALA STILL LONG WAY FROM ACTUAL PRODUCER STATUS ACCORDING TO HALL. (COPY OF TRANSLATION OF FORMAL SHENANDOAH PRESENTATION TO GOG, AS REQUIRED BY PETROLEUM CODE, BEING POUCHED).

3. HALL EMPHASIZED SHENANDOAH'S DESIRE TO AVOID EXAGGERATED REPORTS SUCH AS SURROUNDED LAS TORTUGAS TESTING WHICH HAD RESULTED IN NEGATIVE PUBLICITY FOR ALL CONCERNED. HE EXPRESSED LACK OF CONFIDENCE IN THE TECHNICAL CAPABILITIES OF GODOY AND ASSOCIATES. REPORTED THAT SHENANDOAH HAD BRIEFED THE PRESIDENT THEMSELVES ABOUT TESTS AND OFFERED THEIR ASSISTANCE TO HIM IN PREPARING HIS SPEECH TO AVOID TECHNICAL MISUNDERSTANDINGS.

4. PRESIDENTIAL OVERSTATEMENT OF THE FACTS SUGGEST THAT SHENANDOAH OFFER TECHNICAL ADVICE EITHER NOT ACCEPTED OR NOT HEEDED. ARANA'S DESIRE TO EXAGGERATE SIGNIFICANCE OF OIL UNDERSTANDABLE GIVEN POLITICAL AMBIENCE. OIL DEVELOPMENTS WERE CAST IN CONTEXT OF YET ANOTHER ADVANCE OF ECONOMIC NATURE ACHIEVED BY ARANA ADMINISTRATION(EXMIBAL PROGRESS AND PURCHASE OF EMPRESA ELECTRICA CITED AS OTHER EXAMPLES). PREDICTABLY, SPEECH HAS SET OFF RASH OF SPECULATIVE NEWSPAPER REPORTS INCLUDING A STORY OF CONTRABAND TRADE IN CURDE BEING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 138560

CARRIED OUT BY THE OIL COMPANIES IN ALTA VERAPAZ.

DECONTROL 6/26/76.
MEXLOY UNQUOTE SISCO

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, OFFSHORE DRILLING, FOREIGN INVESTMENTS, REFINERIES
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE138560
Document Source: CORE
Document Unique ID: 00
Drafter: ARA/LA:PJDE VOS:MJT
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740171-0676
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974068/aaaaafyx.tel
Line Count: 111
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 12 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 SEP 2002 by cunninfx>; APPROVED <28 FEB 2003 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OIL DEVELOPMENTS
TAGS: EGEN, GT
To: BRASILIA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005